

Fundamentals of **T**otal **Q**uality **L**eadership

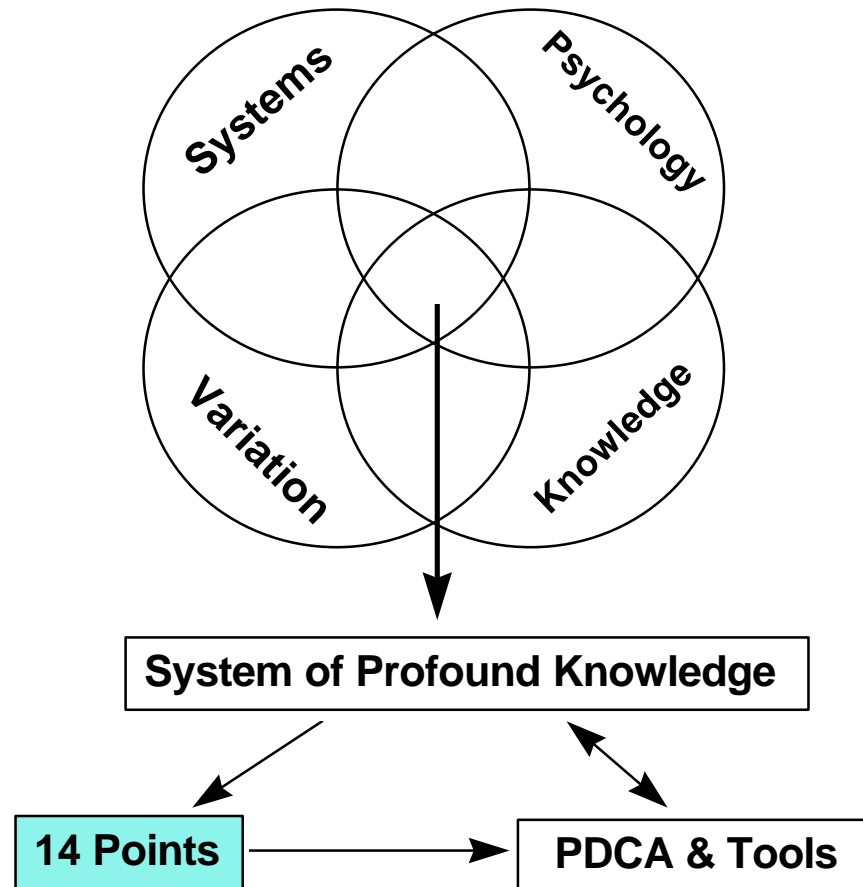
Module 4
**Fourteen Obligations
of Management**

Learning Objectives

By the end of this module the student will be able to:

- ◆ **Explain each of the Fourteen Obligations of Management**
- ◆ **Explain how the Fourteen Points are an application of the System of Profound Knowledge**

DON Approach to Quality Management



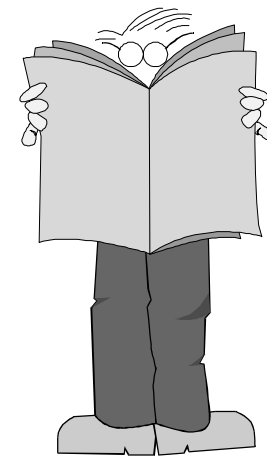
Fourteen Obligations of Management

- ◆ **Represent a total system**
- ◆ **Provide a roadmap for change**

Point 1

Create and publish to all employees a statement of the aims and purposes of the company or other organization.

- ◆ **Leadership is commitment to people and jobs**
- ◆ **Quality is a constant priority**
- ◆ **Publish the statement**



Point 2

**Learn the new philosophy,
top management and everybody.**

- ◆ **We can no longer live with acceptable levels of delays, defective materials, and defective workmanship**
- ◆ **Fifteen to forty percent of product cost is due to waste**
- ◆ **We are in a new economic era**

Point 3

**Understand the purpose of inspection,
for improvement of processes and
reduction of cost.**

- ◆ **The problem is in the process, not the product**
- ◆ **Workers are the best preventers of defects**
- ◆ **Leaders need to understand what action to take based on data**
- ◆ **Inspection has its place**
- ◆ **Even 100% inspection does not ensure quality**

The “F” Test

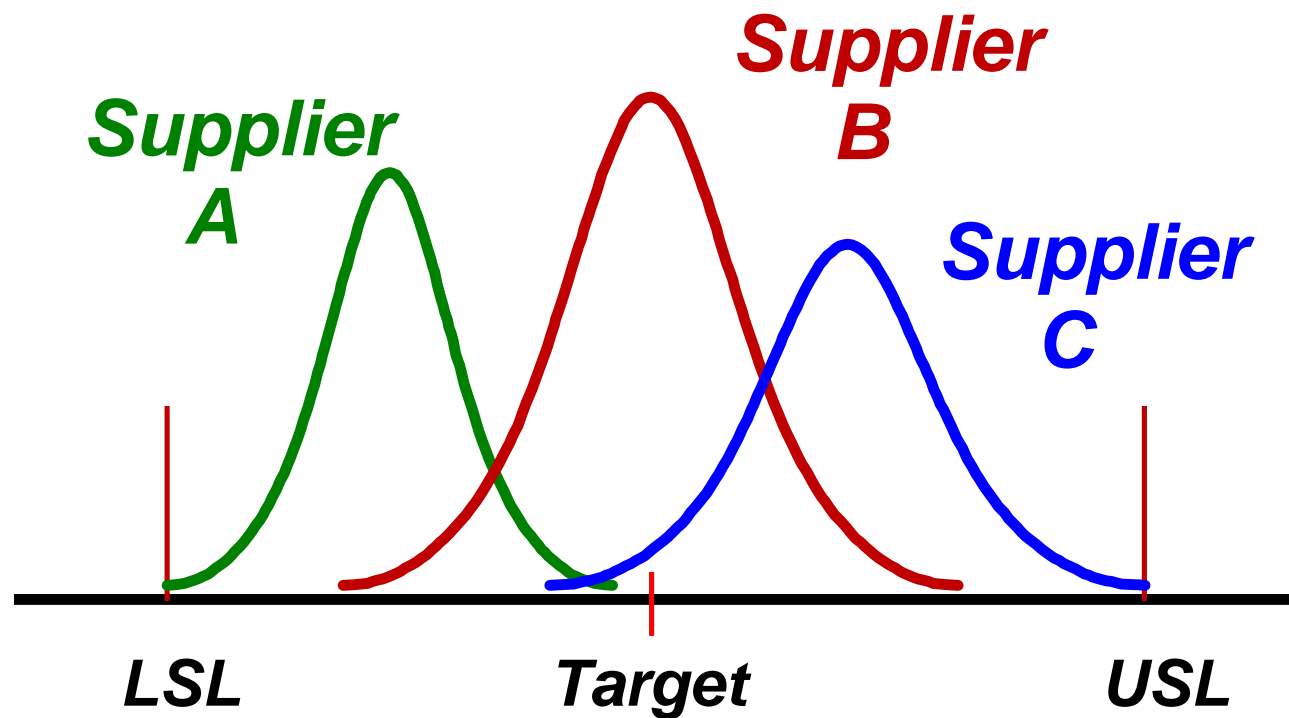
The necessity of training farm hands for first class farms in the fatherly handling of farm live stock is foremost in the minds of effective farm owners. Since the forefathers of the farm owners trained the farm hands for the first class farms in the fatherly handling of live stock, the farm owners feel they should carry on with the former family tradition of training farm hands of first class farms in the effective fatherly handling of live stock.

Point 4

End the practice of awarding business on the basis of price tag alone.

- ◆ **Lowest price does not mean lowest total cost**
- ◆ **Relationships between buyers and customers need to change**
- ◆ **Relationships between buyers and suppliers need to change**
- ◆ **Reduce the number of suppliers to reduce variation**

Multiple Suppliers Increase Variation



Point 5

**Improve constantly and forever
the system of production and service.**

- ◆ Constantly reduce process variation**
- ◆ Constantly pursue innovation in
process and products**
- ◆ Leaders are responsible for the
system**

Point 6

Institute training for skills.

- ◆ **Employees must know how to do their jobs**
- ◆ **Employees must receive process improvement training**
- ◆ **Training must be viewed as a system**
- ◆ **Training must be viewed as an investment**
- ◆ **Develop a system of cross training**
- ◆ **Job training is a never-ending requirement**

Point 7

Teach and institute leadership.

- ◆ **The goal of leadership is to help people do a better job**
- ◆ **A leader is coach and counsel**
- ◆ **Leaders must understand processes**
- ◆ **Improvement means change, and change requires leadership**

Navy and Marine Corps Principles of Leadership

- ◆ **Know yourself and seek self improvement**
- ◆ **Be technically and tactically proficient**
- ◆ **Know your Sailors and Marines and look out for their welfare**
- ◆ **Keep your Sailors and Marines informed**
- ◆ **Ensure the task is understood, supervised and accomplished**
- ◆ **Set the example**
- ◆ **Train your unit as a team**
- ◆ **Make sound and timely decisions**
- ◆ **Develop a sense of responsibility among your subordinates**
- ◆ **Employ your command in accordance with its capabilities**
- ◆ **Seek responsibility and take responsibility for your actions**

Leadership and Management

- u Complementary systems of action
- u Leadership behavior can be learned and developed
- u Characteristics of a transformational leader

Identification as a change agent

Courage and outspokenness

Belief in people

Value driven

Lifelong learner

Visionary



Point 8

**Drive out fear. Create trust.
Create a climate for innovation.**

- ◆ **Fear blocks communication**
- ◆ **Fear increases costs to the organization**
- ◆ **Sources of fear**
 - **Negative consequences of risk-taking**
 - **Admitting mistakes**
 - **Losing their jobs**
 - **Asking stupid questions**
 - **Gaining new knowledge**
 - **Reporting bad news**



Point 9

Optimize toward the aims and purposes of the company, the efforts of teams, groups, and staff areas.

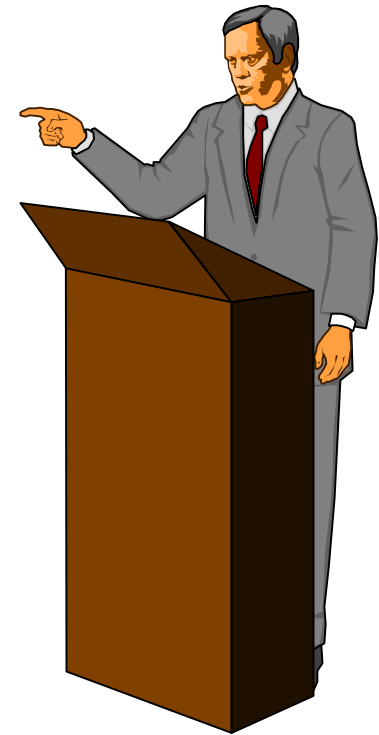
- ◆ **Departments need to work together**
- ◆ **Establish cross-functional teams**
 - **Promote vertical and horizontal communication**
 - **Encourage win-win thinking**



Point 10

Eliminate exhortations for the work force.

- ◆ **Exhortations (slogans) by themselves do not help people do the job better**
- ◆ **Slogans can be demotivating**
- ◆ **Most problems (85-94%) are due to the system itself**



Point 11

(a) Eliminate numerical quotas for production. Instead, learn and institute methods for improvement.

(b) Eliminated M.B.O. (management by objective) Instead, learn the capabilities of processes, and how to improve them.

- ◆ Without methods, numerical goals are crutches of poor leadership**
- ◆ M.B.O. is often inconsistent with process improvement**
- ◆ Standards and goals are often set without knowledge of process capability**

Point 12

Remove barriers that rob people of pride of workmanship.

- ◆ **The right to pride of workmanship**
- ◆ **Imprecise and inadequate performance measures**
 - **Appraisals cannot substitute for leadership**
 - **Appraisals are a barrier to teamwork**

Point 13

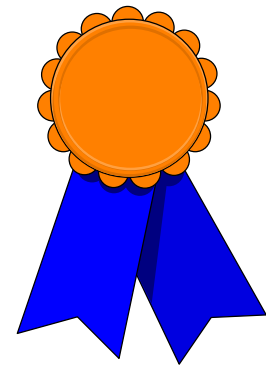
Encourage education and self-improvement for everyone.

- ◆ **Everyone must prepare for changes in process and technology**
- ◆ **Innovation arises from active minds**
- ◆ **Education is an investment, not an expense**

Point 14

Take action to accomplish the transformation.

- ◆ **Leaders must develop and implement a plan for quality improvement**
- ◆ **Top leaders cannot do it alone**
- ◆ **Establish a critical mass**
- ◆ **We are all in it together!**



Seven Deadly Diseases

- ◆ **Lack of constancy of purpose**
- ◆ **Emphasis on short-term profits**
- ◆ **Evaluation by performance, merit rating, or annual review**
- ◆ **Mobility of management**
- ◆ **Management by use of visible figures alone**
- ◆ **Excessive medical costs**
- ◆ **Excessive costs of warranty**

Module Summary

- ◆ **Quality improvement comes through the application of the Fourteen Obligations of Management**
- ◆ **The Fourteen Points are guidelines for leadership**